

The Kingdom of Bhutan

Country Partnership Framework FY2021-2024

Chair's Summary*

January 14, 2021

Executive Directors discussed the joint IDA/IFC/MIGA Country Partnership Framework (CPF) for the Kingdom of Bhutan for the period of FY2021-2024 (IDA/154927-BT).

Directors recognized the severe negative impact of social distancing measures and travel restrictions on the tourism and hospitality sector. They recognized the country's enormous socioeconomic challenges and efforts to maintain macro-fiscal stability while preserving its natural resources as well as its rich cultural and religious heritage.

Directors supported the World Bank Group's (WBG) focus on improving human capital, economic and environmental resilience and emphasized that the implementation of interventions in these areas should leverage digital technologies, support governance, and strengthen the internal capacity of the Royal Government of Bhutan. Developing and broadening access to digital technologies will help bridge gender and spatial disparities and promote business continuity and sustainability. Directors stressed the importance of using the full range of financial instruments available to the WBG to support the government's reform efforts, including institutional capacity building and skills development.

Directors endorsed the focus of the CPF to help Bhutan diversify its economy to create jobs, an agenda approached from both the supply and demand sides. Directors acknowledged the crucial role of the private sector in this effort and encouraged IFC and MIGA to play a more active role in this regard. They recognized the need to improve the private investment climate in the country, which will support greater cross-border investment, inclusive growth, and sustainable development. They noted the need of expanding access to clean water in the country. They also inquired about the reforms of SOEs.

Directors agreed that the implementation of the CPF should include a specific emphasis on gender and empowering women as participants in the labor market, focus on measures to strengthen disaster risk management and climate change adaptation and mitigation as well as fiscal reforms to address domestic resource mobilization.

Finally, Directors underscored the importance of partnership with development partners in Bhutan and the broader South Asia region to improve regional integration and collaboration.

*This Summary is not an approved record.